

**ACCURIDE
ERIE L.P.**

1015 East 12th Street
Erie, Pennsylvania 16503
U.S.A.

Telephone: (814) 480-6400

April 2, 2004

HAND DELIVERED

Mr. Doug Ferguson
President, UAW Local 1186

Re: Kaiser Termination of Retirement Benefit Plans

Dear Mr. Ferguson:

We have received information that Kaiser Aluminum & Chemical Corporation is in the process of seeking approval from the bankruptcy court to terminate its post-retirement medical and life insurance programs for both salaried and hourly retirees.

As you are aware, during negotiations for an initial collective bargaining agreement between the Union and AKW L.P., the parties addressed the transition of Kaiser employees who were eligible to retire under Kaiser benefit plans to active employment with AKW. The parties agreed that eligible individuals would have the opportunity to make a one-time irrevocable election to receive Kaiser retiree medical and life insurance or to receive coverage under AKW medical and life insurance for active employees. Under the agreement, Kaiser retirees who elected to "opt out" of AKW medical and life insurance coverage and receive Kaiser retiree insurance for themselves and their dependents are not eligible to receive AKW insurance for active employees at any future time.

As you also are aware, a number of Kaiser retirees became active AKW employees (and now Accuride employees) and continue to be employed in the Erie Plant. Many of those individuals elected to opt out of AKW medical and life insurance. As a result, those employees are not covered by the Accuride Erie medical and life insurance programs for active employees. Instead, they have been covered by Kaiser retiree medical and life insurance. Accuride is, of course, under no contractual, legal or other obligation to provide medical or life insurance benefits to them.

Accuride is, however, concerned about the Erie Plant employees who will be affected by Kaiser's termination of its retiree medical plan. This letter outlines what the Company is prepared to do for those Erie employees. Importantly, the Company's willingness to undertake these steps is expressly conditioned upon the bankruptcy court's approval of the cancellation of retiree medical coverage by Kaiser.

We have been informed that Kaiser retirees will be able to receive medical coverage under the Kaiser medical plan for active Kaiser employees by paying the applicable monthly COBRA premium (which for 2004 we are informed is \$325.87 for employee only, \$579.33 for employee plus one dependent, and \$868.99 for employee plus family).

It is also our understanding that Kaiser retirees will be eligible to receive a Health Coverage Tax Credit equal to 65% of the premium they pay for medical benefits.

Accuride is willing to offer affected employees a one time opportunity to irrevocably elect either Option A or Option B described below.

Option A

Under Option A, Accuride would provide a Special Monthly Allowance to Kaiser retirees until they cease to be actively working at the Erie Plant or until they become Medicare eligible, whichever occurs sooner. The Special Monthly Allowance that an employee would receive depends on the coverage category that the Kaiser retiree elected under the Kaiser plan (e.g., an employee who had elected employee only coverage would receive a Special Monthly Allowance of \$130.00). The Special Monthly Allowance amounts are as follows:

<u>Coverage Category Previously Selected by Kaiser Retiree</u>	<u>Special Monthly Allowance</u>
<u>Under Kaiser Plan</u>	
Employee only	\$130.00
Employee plus one dependent	\$230.00
Employee plus family	\$350.00

NOTE: Under this Option A, an employee need not choose to receive Kaiser medical plan coverage, or any other medical plan coverage, to be eligible to receive the Special Monthly Allowance.

Option B

Under Option B, a Kaiser retiree would elect to participate in a new medical plan provided by Health America. The medical plan would have HMO and POS options whose substantive benefit provision would be the same as the HMO and POS plans available to other bargaining unit employees. Kaiser retirees would be eligible to receive this plan coverage until they cease to be actively working at the Erie Plant or until they become Medicare eligible, whichever occurs sooner. Accuride would contribute toward the monthly premium of the plan an amount that is equal to one of the amounts that Accuride contributes for medical benefits for other bargaining unit employees under the Memorandum of Settlement that resulted from 2003 negotiations. The amount that Accuride would contribute on behalf of a particular employee depends on the coverage category that the Kaiser retiree elected under the Kaiser plan. The 2004 monthly premium and Accuride contributions would be as follows:

<u>Coverage Category Previously Selected by Kaiser Retiree</u>	<u>POS Plan</u>	<u>HMO Plan</u>	<u>Accuride Contribution</u>
<u>Under Kaiser Plan</u>			
Employee only	\$597.85	\$593.40	\$257.92
Employee plus one dependent	\$1,165.77	\$1,159.16	\$503.84
Employee plus family	\$1,578.23	\$1,627.10	\$707.21

In order to be able to offer Option B, Health America will require a minimum number of employees to participate. If fewer than the minimum number of employees elect to participate in Option B, we will not be able to offer this option.

Employees who do not make a timely election will be treated as having irrevocably elected Option A.

We understand that Kaiser will terminate the retiree benefit plans as of May 31, 2004. Therefore, the above described options will begin in June 2004. (If Kaiser terminates the retiree benefits plans later than May 2004, then the options will begin the month after the month in which Kaiser terminates the retiree medical plan.) The one time irrevocable election will be made prior to such dates in a manner to be determined.

If you have questions about this proposal, or if the Union's committee would like to discuss it, please contact me by April 12, 2004.

Very truly yours,



Michael Pinson
Manager Human Resources

cc: Mr. Ed McGowan